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Authoritarian Neoliberalism: Its Ideological Antecedents and Policy Manifestations from Carl Schmitt's Political Economy of Governance

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Abstract

The regime of authoritarian neoliberalism is underway. In contemporary political economy of governance, this regime has been construed as a crisis response of the capitalist class to manage the conflict-ridden consequences of economic globalization; and, as an ideological project of a section of the ruling elites to justify the embedding of market-oriented development processes in a politically repressive government institution. To contribute to recent scholarship attempts at defining the character and tendencies of this emergent regime, the article traces one of its key ideological antecedents from Carl Schmitt's earlier formulation for a "strong state, free economy". It then presents a survey of how this concept articulating the compatibility of authoritarianism and capitalism has manifested in related theories and actual policies since the long twentieth century – notably in: German ordoliberalism, Thatcherism and Reaganomics, the Kirkpatrick Doctrine and Political Development Theory, the Asian Values discourse, and the Effective State and Good Governance agendas. The governing authority in this regime can be called an authoritarian-neoliberal state.

Keywords: authoritarian neoliberalism; authoritarian-neoliberal state; Carl Schmitt; Good Governance; ordoliberalism

1. Introduction

A particular political-economic regime is taking shape across the world. Emergent during the past two decades, this regime may be referred to as "authoritarian neoliberalism", or a neoliberal market economy embedded in an authoritarian state institution. Its logic reveals the attempts to make and legitimize the economic processes and relations of the capitalist production system through or within undemocratic political practices. The evolution of this phenomenon has important implications for theories and practices in the interdisciplinary fields of political economy, development studies, and public administration.

Recent political economy analyses present authoritarian neoliberalism under two main themes: as "a crisis response" and as "an ideological project". The first theme is the understanding of authoritarian neoliberalism as a violent reaction of the capitalist and pro-capitalist political class forces to a series of crises of global capitalism, which had initially imploded in the world's industrialized centers (Bruff 2014; Tansel 2017). This perspective has been conceived against the background of three significant moments in the history of contemporary globalization: the 1997 financial crisis in Asia, the 9/11 attacks in the US, and the 2008 economic recession in the North Atlantic. Crisis after crisis, states and multilateral institutions have deployed more intensified repressive measures to manage the often conflictive consequences of wealth creation and accumulation on social relations, ranging from fiscal discipline through austerity in governmental functions to coercive police activities against peaceful mass mobilizations. The other theme is the conceptualization of authoritarian neoliberalism as an ideological project of a section of the political-business elites to justify the conduciveness of authoritarianism to economic development. The comparative success of Asia's developmental states since the 1960s and the re-emergence of China as an economic superpower at the turn of the 21st century have provided stronger empirical bases for an intellectual strain that argues for the functionality, necessity, or operability of authoritarian institutions for the capitalist accumulation process, as well as for catching-up strategies of developing economies. Added to this story of the "rise of China" in the world capitalist system are the oft-cited cases of the similarly-perceived "authoritarian" states in Asia's growth areas – specifically, the achievement of Singapore as a First World city-state, the relative advance in Malaysia's industrialization process, and the promising trajectory of the emerging markets in the Association of Southeast Asian Nations, especially Vietnam and Myanmar. The narrative of economic "miracle" in these countries does not only signify the active role played by their governments in the planning, management and regulation of their respective economies; but, more intriguingly, this also raises important questions about processes, relations, or tendencies of development in the context where a capitalist market economy operates within a largely authoritarian political regime.

Since the paradigmatic transition from the Cold War to neoliberal globalization in the early 1990s, a couple of themes have influentially defined the academic discourse and policy advice on the global political economy of development, namely "democratization" and "aid effectiveness". The first set of literature from development studies revolves around the theme linking the objective of social development with the normative of political democratization through, at a minimum, the establishment of the rule of law, respect for human rights, and government transparency and accountability in aid recipient countries (Moore and Robinson 1994; Santiso 2001). Within this stream, scholars have also debated on the questions of morality and strategies with regard to international democracy promotion as a condition, means and ends of aid assistance (Burnell 2000; Carothers 1997). The target recipients of this democratization objective through development aid are what donor countries consider non-democratic, pre-democratic, or authoritarian regimes in the Third World. The second set of literature is the enduring debate – arguably, the dominant discourse – among policymakers and academics on the effectiveness of aid from developed

countries to attain the goals of economic, social and human development in poor countries. Yet poverty, inequality, privation, diseases, disasters, repression and exploitation remain at an alarming level. The persistence of these problems in most parts of the developing world is well documented and acknowledged by different scholars in the ideological spectrum. Hence, there is general recognition of the perceived shortcomings, if not failure and ineffectiveness, of decades-long foreign aid initiatives, even at the conclusion of the much-publicized 15-year program under the Millennium Development Goals (cf. Collier 2007; Easterly 2006; Reinert 2007; Sachs 2005). In mainstream policy circles during the post-Cold War period, neoliberalism is the hegemonic ideology for the modernization of Third World societies and economies; it is what underpins aid as a financial tool and democracy as a political goal of development. Here, neoliberalism is understood essentially as an ideology of capitalism, which puts primacy on the ethos and interests of the private individual, the private sector, and private property over the well-being of the collective citizenry, the public sphere, and the common good. Policy-wise, neoliberalism utilizes market-based solutions to development problems.

For a long time in the area of public administration, the quality and characteristics of state governance has been determined, and its values judged, on the basis of some conventionally assumed democratic standards. More importantly, the "efficient" and "good" governance institution is normatively associated with the political ideal of democracy and the economic ideology of free enterprise capitalism. Interestingly, Francis Fukuyama (2013), the recognized doyen of the hyper-globalist view on the triumph of liberal democracy, has recently shifted his stance about *good governance*, which he categorically defined "as a government's ability to make and enforce rules, and to deliver services, regardless of whether the government is democratic or not" (350). In this definition, Fukuyama is implying the correlation that there can be good governance even in non-democratic regimes. Contemporary public administration has rediscovered the function of government in different country contexts across "Western" and "non-Western" societies, whereby the focus of study is not only on goals and efficiency but also on execution and effectiveness, and not only on "good governance" but also on "good enough governance" (Drechsler 2015; Grindle 2004, 2007).

While the field of public administration has productively examined the relationship between governance and regime types, this article is concerned with the area of *the political economy of governance*. The aim here is to factor in *the economic* system at work in relation with a particular style of governance and a specific type of political regime. Amid the much-discussed waves of democratization and the conditional utilization of development aid to promote democratic values, the *realpolitik* of governance in the twenty-first century intersects with the persistence of both authoritarian power structures and different modalities of unequal capitalist accumulation processes across the global North and South. In light of these, the main objective of this article is to contribute to the conceptualization of the emergent regime of authoritarian neoliberalism by tracing out its key ideological antecedents and by highlighting how the same ideas have been articulated in related theories and actual governance policies over time. It does so in three interrelated sections. Firstly, the article examines the political theory of the German conservative Carl Schmitt as the basis

for the conceptual formulation of a "free economy in a strong state". Secondly, the article discusses specific ideas from relevant concepts and influential policies which have manifested the rationale of a compatible coexistence of capitalism and authoritarianism, notably: [a] the "ordoliberal" thought that framed the European, particularly German, model for a social market economy since the Second World War; [b] the legacies of "Thatcherism" and "Reaganomics" that set out neoliberalist policies and thinking in the UK and the US in the 1980s; [c] the "Kirkpatrick Doctrine" and "political development theory" during the Cold War and the Vietnam War; [d] the "Asian Values" discourse of strongmen in the 1990s; and [e] the series of policy prescriptions of international organizations for "Good Governance", institutional reforms and human behavioral change from the mid-1990s on. Finally, the article sketches out some compelling features of an "authoritarian-neoliberal state" and also concludes with a number of propositions on the most remarkable characteristics of the regime of authoritarian neoliberalism.

2. The Political Economy of Carl Schmitt's Authoritarian Liberalism

In the late 1990s, the political thought of Carl Schmitt had taken some spotlight in discussions about modern constitutions and the role of the state in the epoch of neoliberal, capitalist, market-driven globalization. Schmitt's philosophy then was interpreted either as a Nietzschean cultural critique which glorifies will to power as autonomous values and condemns technology as a perpetuator of meaninglessness in the world, or as a fascist conservative constitutional theory critical of the threat of liberal triumphalism on the traditional order (Ahmad 1997; Dyzenhaus 1998; McCormick 1997). These reviews were mainly aimed at unpacking the core sensibility of Schmitt's political philosophy through an investigation of the logic of his works and a recollection of his personal and political life. To contribute to these interpretations and criticisms, a reading is offered here not only of Schmitt's political thought but also his broader idea on the "political economy of governance".

Numerous literatures have been written to interpret Schmitt's social, economic, and political thought since the mid-twentieth century. Heavily criticized because of his association with the rise of Nazism, Schmitt's ideas have endured at the center of discussion in theories of politics, state, democracy, constitution, governance, and political economy. A survey of literature on the works of Schmitt showcases varying interpretations coming from the whole range of the political spectrum (Kalyvas 1999). There is some sense of conundrum in the interpretation of Schmitt's conceptualization of politics, democracy, or liberalism (cf. Schmitt 1926). Oftentimes, his use of a concept meant what he chose it to mean and that it can mean different things. The doublespeak in his writings may make it harder to reveal his essentially anti-democratic and anti-political thought. However, the reality of Schmitt's adherence to Nazism is by now a recognized historical fact (cf. Hayek 1944). This is not to totally refute the entirety of Schmitt's political philosophy on grounds of his being a Nazi apologist or of the polemics of his past. This is to simply articulate a disagreement on the terms in which Schmitt's ideas were made. Schmitt might have used the concepts "democracy" and "constitutionalism" in a variety of ways. But this begs the question: democracy and constitutionalism *for whom*?

Schmitt is often cited for his criticisms against the philosophy and politics of liberalism, particularly his analysis of the crisis of European civilization resulting from growing secularization and the intensification of science and technology (e.g. McCormick 1997). In contrast to this conventional understanding, it is argued in this section that a broader project and a deeper logic underpins Schmitt's critique of liberalism. It is the political project to creatively destruct liberal institutions so as to establish an order that is more likely to secure the hegemony of authoritarianism and free market capitalism. As such, the target of Schmitt's critique was not liberalism *qua* liberalism, but *democracy* at large, understood as "popular power" over every level of the society. The following discussion reveals this *anti-political* character of Schmitt's thought in the terms set out in his "concept of the political".

A couple of agendas are set out in this section. Firstly, a case is presented that Schmitt's political conceptualization is a prescriptive ideology for a strong state intolerant of popular democratic politics and hence dominating all the spheres of society and human life itself. Secondly, the organic link is highlighted between the political and the economic in Schmittian thought so as to paint a picture of the ideas behind the social regime of "authoritarian liberalism", in which a capitalist liberal economy works within an authoritarian political framework.

2.1 The Anti-Politics of the "The Concept of the Political"

"The concept of the political" is central to Schmitt's philosophy on governance, state and government. As a prominent intellectual actively engaged in the politics of his time, Schmitt's efforts at formulating rather abstract concepts were not simply passive academic endeavors. His theories were not created only to be enclosed within the ideational halls of the academia. For Schmitt, the concept is political. Conceptualization is a conscious political project. Thus, "the political" is a proactive process, not merely a form, towards a pre-determined goal. Based on this premise, Schmitt's idea of the state can be examined.

"The concept of the state presupposes the concept of the political," wrote Schmitt (1932a, 19) as the first line in *Der Begriff des Politischen*. The political is seen in relational terms; its essence suggests the intensity of the relationship between "friends" and "enemies" – in particular, the oppositional character between these two conflicting groups.[1] This realm of the political subsumes all the other social spheres:

> Every religious, moral, economic, ethical, or other antithesis transforms into a political one if it is sufficiently strong to group human beings effectively according to friend and enemy. The political does not reside in the battle itself, which possesses its own technical, psychological, and military laws,

[1] Some scholars like Giovanni Sartori (1989) understood Schmitt's approach to concepts as simply based on "pairs of constitutive oppositions", or in the postmodern parlance "binary oppositions". Following this line of thought, the fields of ethics, aesthetics, economics, and politics are thus framed as binary oppositions depicting good/bad, beautiful/ugly, useful/damaging, and friend/enemy, respectively. However, this typological approach does not go far enough to understand the complexities and intricacies not only of the intellect but also of the very politics of an intellectual of Schmitt's stature. Hence, it is suggested here to have a reading of Schmitt's concept to be something profound with a purposive political project.

> but in the mode of behavior which is determined by this possibility, by clearly evaluating the concrete situation and thereby being able to distinguish correctly the real friend and the real enemy (Schmitt 1932a, 37).

Yet, the political is situated within the larger society; and as such the former may influence and/or may be influenced by the latter:

> The political can derive its energy from the most varied human endeavors, from the religious, economic, moral and other antitheses. It does not describe its own substance, but only the intensity of an association or dissociation of human beings whose motives can be religious, national (in the ethnic or cultural sense), economic, or of another kind and can effect at different times different coalitions and separations (Schmitt 1932a, 37).

But in the final analysis, the shaping of relations in the society all boils down to the political – specifically, to the question of the political will "the state" is able to wield among its people:

> The real friend-enemy grouping is existentially so strong and decisive that the nonpolitical antithesis, at precisely the moment at which it becomes political, pushes aside and subordinates its hitherto purely religious, purely economic, purely cultural criteria and motives to the conditions and conclusions of the political situation at hand. In any event, that grouping is always political which orients itself toward this most extreme possibility. This grouping is therefore always the decisive human grouping, the political entity. If such an entity exists at all, it is always the decisive entity, and it is sovereign in the sense that the decision about the critical situation, even if it is the exception, must always necessarily reside there (Schmitt 1932a, 38).

Therefore, politics is not merely a reflexive form, but a conscious process through which friends and enemies are identified. Any human grouping – from religious community to economic class – becomes *a* "political entity" if that group can draw the line between friends and enemies. Of all human groupings and political entities, Schmitt regards the state as *the* "decisive human grouping", *the* political entity that possesses the capacity to command obedience from its citizens (i.e. friends) and to pacify or suppress its adversaries (i.e. enemies). More importantly, it is the state which possesses the "sovereignty" in political processes, including the authority to make critical and exceptional decisions for the government and society.

Schmitt was a critic of the Weimar Republic's proclaimed ideal to safeguard liberal freedoms during times of moral and societal uncertainties. He was a leading theorist of the idea of state sovereignty under exceptional conditions and thus provided a strong link between sovereignty and the power to decide upon exceptions.[2]

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[2] In fact, some readers of Schmitt categorically conclude that it was his illiberal predisposition to, and his obsession about, the "exception" that made him embrace Nazism. For example, Sartori (1989, 71) argues that "Schmitt joined nazism because his anti-liberalism made it easy, and because the exception bewitched him" (see also Bendersky 1987; Hayek 1944).

In the words of Schmitt (1934), "It is precisely the exception that makes relevant the subject of sovereignty, that is, the whole question of sovereignty" (ibid., 7). He was straightforward in identifying who has the sovereignty in political relations: "Sovereign is he who decides on the exception" (ibid., 5). Accordingly, he defined that "[t]he exception … is not codified in the existing legal order" but it "can … best be characterized as a case of extreme peril, a danger to the existence of the state, or the like." By claiming that the scope of exception "cannot be circumscribed factually and made to conform to a preformed law" (ibid., 6), Schmitt differed from liberalism's normative laws with preset rules to guard against arbitrary government and limit the power of the state. In fact, Schmitt criticized the "jurisdictional" incompetence of the liberal constitution to address and eliminate "extreme emergency", whose "precise details … cannot be anticipated, nor can one spell out what may take place in such a case" (ibid., 6-7). His idea of exception is not absolutely constrained by "rule of law" as enshrined in the liberal constitutional order, rather it is suggestive of the capacity of the sovereign to decide based on political will. As such, sovereignty is a precondition for the management of the regime of exception.

The Schmittian thought on state sovereignty is in the first instance oriented towards the most extreme possibility, and that has in the end the decisive power to determine the exception. This basically reproduces the "absolutist" ideas of pre-Lockean, pre-modern political theory associated with Machiavelli, Bodin, and Hobbes in the defense of the indivisibility and unity of state power. The central absolutist argument against liberalism rests on the latter's imposition of limits on the state's executive prerogative. Absolutism posits that a liberal constitutional order is unfit to maintain national unity, manage social conflicts, and secure state survival because of the constraints imposed on the sovereign's decision-making power in critical situations. Such legal and political limitations are claimed to result in the weakening of the state's power to govern effectively and assert its primacy during moments of crisis.

Schmitt's political philosophy gives intellectual justification for the state's exercise of exceptional executive power in the name of public order and unity, allowing for the suspension of civil and political rights even if these rights are protected in the constitution, and activating the use of coercive police and military forces during critical situations. This Schmittian regime of exception provides far-reaching powers to the state not only by suspending normal political and legal processes, but also by enabling the reorganization and centralization of its apparatuses for coercion. At the same time, by guaranteeing its unconstrained power of discretion, there is a tendency for the state to make declarations of national emergency the norm, rather than exceptional and time-bound.

The political rationale of Schmitt extends to his hostility to pluralism, which is a cornerstone of liberalism. His antagonistic attitude towards political pluralism is not only based on its perceived threat to social unity and order, but on a particular notion of citizenship defined by the friend-enemy distinction. Citizens are viewed as "friends", with shared fundamental values and goals toward a common state. The state is seen as the political unity of the people; it is the entity upon which the association or dissociation with the political community is founded. Thus, the only legitimate, let alone constitutional, political project of the state is to create homoge-

neity by shaping the will of the people through "antiliberal but not necessarily anti-democratic" methods (Schmitt 1926, 16). Here then lies Schmitt's *critique of liberalism's state theory* under conditions of the "social contract" and also his *doublespeak* on "democracy", where:

> The people exist only in the sphere of publicity. The unanimous opinion of one hundred million private persons is neither the will of the people nor public opinion. The will of the people can be expressed just as well and perhaps better through acclamation, through something taken for granted, an obvious and unchallenged presence, than through the statistical apparatus that has been constructed with such meticulousness … The stronger the power of democratic feeling, the more certain is the awareness that democracy is something other than a registration system for secret ballots. Compared to a democracy that is direct, not only in the technical sense but also in a vital sense, parliament appears an artificial machinery, produced by liberal reasoning, while dictatorial and Caesaristic methods not only can produce the acclamation of the people but can also be a direct expression of democratic substance and power (ibid., 16-17).

In sum, Schmitt's concept of the political is an anti-political stance on politics. It is "a politics of anti politics", in which political pluralism is easily dismissed as disruptive to the state's presumed political unity (Jayasuriya 2001, 8). Firstly, Schmitt's concept of politics recognizes no legitimate opposition, and thereby insulating key political institutions from criticisms. Any dissent and opposition is treated as disloyalty to the state and, at worst, enemies of the state. Secondly, Schmitt redefines the notion of citizenship between the individual and the state in terms of duties and responsibilities, rather than rights. Lastly, Schmitt rationalizes politics as the exclusive practice and monopoly of the state. This includes the important process of collective will-formation in constitution-making. While Schmitt addressed this vexing issue and asserted that "everything depends on how the will of the people is formed", his proposal for collective-will formation was telling of his stance in favor of a monopolizing state that shapes the will of the people – rather than the former being the embodiment of the latter. He laid out the determining question: "who has control over the means with which the will of the people is to be constructed?" Then he proceeded to enumerate: "military and political force, propaganda, control of public opinion, through the press, party organizations, assemblies, popular education, and schools" – in short, the apparatuses and institutions identified with, and especially within the coercive arm of, the state (Schmitt 1926, 27-29; cf. Kalyvas 1999). Hence, Schmitt's concept of the political is profoundly a manifesto for anti-democracy and an ideology of anti-politics.

2.2 Strong State, Free Economy

A strict "political" reading of Schmitt does not suffice to substantially grapple with the anti-political and anti-democratic framework he advances. An essential link, often broken in most discussions about Schmittian philosophy, is between the

political and the economic. In this inseparable link lies yet another contradiction: Schmitt's illiberal politics is matched by his liberal economics, forming a curious blend in defense of capitalism, a social system of private appropriation that avoids the cost, duty, or obligation to carry any public responsibility.

A core problematique in Schmittian political economy goes this way: "How can one … render the distinction between state and economy effective?" (Schmitt 1932b in Cristi 1998, 226). Here the emphasis is on "distinction", and "not separation", between the two spheres. This is because "the point of departure" of a "primarily political" process requires "a clean and clear distinction between state and state-free spheres" (ibid., 221). Schmitt argues not only for the need for a Weberian ideal-type of an apolitical bureaucracy, but the fundamental imperative for "a *very strong state*" that can do "a painful surgical intervention" and not merely "an 'organic' process in the sense of slow growth" (ibid., 221-222). He then elaborates on the characteristic of the state required in the political economy of development:

> Increasingly one thing is evident: only a strong state can depoliticize, only a strong state can effectively decree that certain activities, like public transit and radio, remain its privilege and as such ought to be administered by it, that other activities belong to the … sphere of self-management, and that all the rest be given to the domain of a free economy. A state that is to bring about this new order ought to be, as was said, extraordinarily strong. Depoliticization is a political act in a particularly intense way (ibid., 226-227).

Recognizing the fragmented nature of the state, Schmitt proposes an alternative to the customary twofold categorization between the state and the individual. This alternative draws a "tripartition" between the state, the private sphere, and the economy. Within this framework, the sphere of economic activity is non-state, yet public:

> First, the *economic sphere of the state*, the sphere of genuine state privilege. Certain activities of an economic nature belong to the state – certain commercial entitlements are, for instance, absolutely necessary, and in certain forms, like the postal entitlement, have always existed. These are legitimate state enterprises, which ought to be clearly featured as monopolies and distinguished from the rest of the economy. Second, in opposition to that domain, the sphere of the free, individual entrepreneur, i.e. the *sphere of pure privacy*. Third, the intermediate *non-state, but still public* sphere. For decades we have endured an unfortunate conceptual confusion that understood anything public as a state concern (ibid., 224-225).

Schmitt then advanced "an autonomous economic administration" that is:

> an economic sphere that belongs to the public interest and should not be seen as separate from it. Still, this is a non-state domain that can be organized and administered by these same business agents, as it happens in any genuine autonomous administration (ibid., 225-226).

Schmitt stressed that the perspective on this particular configuration of economic self-management was "completely different from the 'economic democracy' propagated … by a certain side", which "explicitly espoused a *mixture of economics and politics*" and which "also wanted to acquire economic power within the state by means of political power, and subsequently increase its political power by means of economic power it had thus acquired" (ibid., 225).

The proposal of Schmitt for the establishment of an economic administration is an attempt for an "economic constitutionalism" that treats the market as a constitutional order with rules, institutions and procedures and with the principal purpose of insulating a range of economic institutions and activities from democratic politics (Jayasuriya 2001; cf. Hayek 1944). But, at the same time, all extra-economic institutions are to be mobilized to sustain this constitutionalized system of private appropriation immune from any democratic accountability. This was Schmitt's anti-political project in response to the imminent threat of mass democracy during his time when the economy was getting politicized and hence the state was weakening due to the increasing capture of it by private interest groups. As Kanishka Jayasuriya (2001, 9-10) has accurately interpreted the constitutional theory behind Schmitt's political-economic thought, "the main purpose of economic constitutionalism was to protect the economy from these political pressures, and as such, it is anti-political jurisprudence … which attempts to ground law not in a political process but in terms of the values of the institutional order which are of course perceived as 'natural' and consequently disembedded from the play of politics and power."

Ernst Fraenkel (1941), a jurist with a social-democratic bent, describes the emergence of what he calls the "dual state" (i.e. the coexistence of a "prerogative state" and a "normative state") during the period of Nazi Germany in the 1930s. This dual state is founded on the Schmittian notion of the state's exceptional and extraordinary prerogative powers, which is functional to the arena of private economic laws that is regulated by "normal" law. The prerogative state refers to the system of government which exercises tremendous exceptions unchecked by any legal constraints. The normative state refers to the administrative body with elaborate powers that is tasked to safeguard legal order through statutes, court decisions and other administrative orders. Fraenkel notes that the interdependence of these state forms is both logical and necessary. More importantly, this dual state succeeded in combining the exceptional scope of arbitrary state power with capitalist organization; in particular, the capitalist economy's demand for rational calculation is guaranteed within the framework of a strong authoritarian state (Jayasuriya 2000).

Fraenkel's idea of the normative state simultaneously coexisting with the prerogative state is by no means incompatible with Schmitt's notion of *norms*. Conventional reading suggests Schmitt's hostility to the "rule of law" to be on grounds of his general critique on liberalism and his thought on exceptions. But Schmitt's institutional jurisprudence suggests that norms are only as desirable so long as they preserve the political unity of the state, as David Dyzenhaus (1997) points out, and to which Andreas Kalyvas (1999) concurs:

> while the vitality of the exception looms large as the theme of *Political Theology*, it is important to keep in mind that Schmitt was not arguing for the total negation of normality. Indeed, in other works of this period, he seemed to argue for the desirability of legally established normality. For he did not reject the idea of a society comprehensively governed by legal norms, on condition that the political decision that underpins that legal order is made explicit (Dyzenhaus 1997, 46 in Kalyvas 1999, 101).

For Schmitt then, rule of law – in the sense of *Rechtsstaat* in the German tradition in the context of an authoritarian system – is a *normative* juridical-constitutional-legal order; and as such, must guarantee the preconditions for exception and the conditions of the possibility of exception.[3] Norms must be embodied in the rule of law, based on political will and derived from political decision. In this sense, Schmitt was not entirely critical of legality or constitutionalism in particular and of liberalism in general. He regarded the constitution not simply as a formal text of neutral procedures, but as a positive document that embodies the norms, the "way of being", in a political community (Dyzenhaus 1997). His fundamental issue against legality rested on its capacity to protect the political order amidst the threat of a social breakdown. This reading suggests that Schmitt was actually concerned with a seeming creative destruction of liberal institutions that are more likely, and even better, to secure political order and indeed capitalism. When especially applied to the economic order, this implies the existence of institutions such as Schmitt's "economic administration" with a high degree of autonomy to protect the economy from politicization. This institution could no less be authoritarian. As such, the project of economic constitutionalism within the framework of authoritarianism can only be realized through the construction of a dual state that embodies and practices "illiberal politics, liberal economics".

Importantly, Schmitt (1932a) highlighted the political nature of "class struggle" in Marxism. He emphasized that "a class in the Marxian sense ceases to be something purely economic and becomes a political factor when it reaches [a] decisive point, for example, when Marxists approach the class struggle seriously and treat the class adversary as a real enemy and fights him either in the form of a war of state against state or in a civil war within a state" (Schmitt 1932a, 37). Thus, a labor union, or "an association of individuals based on economic interests", is also a political entity (ibid.). "The real battle" between adversarial classes "is … no longer fought according to economic laws but has … its political necessities and orientations, coalitions and compromises" (ibid.). Schmitt treated Marxian class struggle as a fundamentally political program, rather than simply a conflict over the economic question:

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[3] Harold Berman (1991) provides an interesting discussion on the concept of "rule of law" based on historical and temporal-spatial contexts. He distinguishes the differences between English conceptions of the rule of law and the German positivist notions of law. He argues that the concept of *Rechtsstaat* in the German tradition may be regarded as "*Gesetzesstaat*, that is, a state that rules by *laws*" (3). The notion of a *Rechtsstaat* is different from the "rule of law" in the English tradition, which enshrines the ideas of parliamentary sovereignty. *Rechtsstaat* was born out in the context of an authoritarian and non-participatory political system.

> Should the proletariat succeed in seizing political power within a state, a proletarian state will thus have been created. This state is by no means less of a political power than a national state, a theocratic mercantile, or soldier state, a civil service state, or some other type of political entity. Were it possible to group all mankind in the proletarian and bourgeois antithesis, as friend and enemy in proletarian and capitalist states, and if, in the process, all other friend-and-enemy groupings were to disappear, the total reality of the political would then be revealed, insofar as concepts, which at first glance had appeared to be purely economic, turn into political ones (ibid., 37-38).

Furthermore, it must be noted that Schmitt deemed it important that the zeitgeist must be in place before undertaking the process of constitution-making (see Caldwell 1997). What was then the supposed founding moment upon which the ideas of Schmitt were being proposed? It was the historic conjuncture when radical democratization was intensifying and the traditional political structures and institutions of a relatively neutral, liberal minimalist state were getting dysfunctional to capitalist hegemony and elite rule. It was when mass democracy was encroaching on independent boundaries traditionally reserved for political and economic elites – depicted in the politicization of the economy, formation of organized labor movement, emergence of mass parties with *deviant* values, instrumentalization of the parliament and its reduction to party-politics interests, pluralism, fusion of state and society, recognition of universal suffrage, rise of radical left parties, and so forth (Cristi 1998). These were thus signs of the times that a new popular democratic order was foreboding and that classical liberalism was failing. As Schmitt (1926) noted, this period of the "crisis of the parliamentary system and of parliamentary institutions in fact springs from the circumstances of modern mass democracy", which "attempts to realize an identity of governed and governing" and "confronts parliament as an inconceivable and outmoded institution" (15). In light of this, Schmitt warned that: "If democratic identity is taken seriously, then in an emergency, no other constitutional institution can withstand the sole criterion of the people's will, however it is expressed" (ibid.).

Schmitt was uneasy with the continuous progress of democracy threatening bourgeois hegemony and rights to property. He noted the fundamental contradiction between state sovereignty and popular democracy in his assertion that: "The crisis of the modern state arises from the fact that no state can realize a mass democracy, a democracy of mankind, not even a democratic state" (Schmitt 1926, 16). Against this background, Schmitt proposed a creative destruction of liberalism, rather than its complete destruction. Schmitt's enemy was not liberalism, but the specific politics of mass, popular, or radical democracy. Renato Cristi (1998) refers to this Schmittian brand of liberalism as "authoritarian liberalism", a rapprochement of authoritarianism with liberalism, as well as the marriage between authoritarianism and conservatism. Schmitt (1932b) also provided an intellectual framework for a "strong state" and "sound economy". For Schmitt, the crisis of the Weimar Republic signaled a zeitgeist for the *creative destruction* of liberalism so as to completely overwhelm the *destructive destruction* that popular democracy was bringing to both the elitist and capitalist order.

3. Ideological Antecedents and Policy Manifestations of Authoritarian Neoliberalism

The essential features of the Schmittian ideology of governance for a strong state and free economy have been re-articulated in a number of related concepts in political economy and actual development policies at particular historical junctures since the twentieth century. Notably, these are:

1. the German ordoliberalism as a foundation of the European model for a social market economy in the postwar era;
2. Thatcherism in the UK and Reaganomics in the US as neoliberalism's first political and ideological offensive in the 1980s;
3. the "Kirkpatrick Doctrine" as US foreign policy during the Cold War and Vietnam War;
4. the "Asian Values" as the governance and development discourse of strongmen who governed the states of some of Asia's successful industrializing economies in the 1990s; and
5. the international organizations' evolving programs as development policies for capitalist modernization at a global scale – from the World Bank's Good Governance agenda and preference for an "effective state" to recent policy prescriptions of the United Nations Development Programme (UNDP) to condition human minds and behaviors around the values of free market competition.

All these conceptualizations attempted to justify the workability, compatibility, or interoperability between capitalism and authoritarianism in the state governance of social and economic development processes. Significant characteristics from each of these theories, concepts and policies constitute the defining logic, mechanisms, institutions and principles of the emerging regime of authoritarian neoliberalism in the twenty-first century.

3.1 German Ordoliberalism

Schmitt's general ideas on the necessity of state-regulated social order to oversee a competitive economy have close affinities to his contemporaries from a group of leading ordoliberal thinkers from Germany, namely Alexander Rüstow (1885-1963), Walter Eucken (1891-1950), Franz Böhm (1895-1963), Wilhelm Röpke (1899-1966), and Alfred Müller-Armack (1901-1978). Scholarships on ordoliberalism antedate the rise to power of Hitler and have become more prominent in the field of political economy after the war. The ordoliberals of the 1930s and 1940s were considered the early proponents of "neo-liberalism", which was understood as an alternative approach to the liberalism of laissez-faire economics (Jackson 2010). In his bibliographical article on "The Political Thought of Neo-Liberalism," Carl Friedrich (1955, 509) noted that "the notion of *ordo* is central in the neo-liberals' approach."

Ordoliberalism's "key slogan is the 'social market economy' (*soziale Marktwirtschaft*), an economy which is definitely 'free', as compared with a directed and planned economy, but which is subjected to controls, preferably in strictly legal form, designed to prevent the concentration of economic power, whether through cartels, trusts, or giant enterprise" (Friedrich 1955). Rüstow (1932) was credited for the "creed" in political economy of the early neo-liberals for a "Free Economy – Strong State" (Friedrich 1955, 512). Even though the state is regarded "as a central source of authority", a state interfering "in all kinds of activities" in the economy and private sphere is "a sign of lamentable weakness" (Rüstow 1932 in Friedrich 1955, 512). A strong and neutral state is needed to maintain the "primacy of the political", one that "can assert its authority vis-à-vis the interest groups that press upon the government and clamor for recognition of their particular needs and wants" (Friedrich 1955, 512).

Ordoliberalism is a critique of the political theory and practice of direct democracy in the Weimar Republic, the totalitarian ideologies from Fascism to Communism, the excessive liberalism in laissez-faire economics, and the postwar's labor-oriented welfare state model. Ordoliberals saw the Weimar Republic as a weak state as it became susceptible to democratic overload; and it failed in the management of both the society and the economy because it was captured by the interests of laborers and politically-connected business groups that rendered it incapable of guaranteeing the conditions for the system of liberty and complete competition in the free economy. The ordoliberal movement presented themselves as the "third way" beyond Communism and Fascism, or a group espousing a kind of "liberal conservatism" (Friedrich 1955). In contrast with libertarian economists, the ordoliberals did not believe in the ideology for a minimal state and the assumption of a self-regulating economy; rather they recognized the necessity for an authoritative strong state in capitalist relations to provide order in the society for a liberal economy to prosper. At the same time, the ordoliberals criticized the idea of the welfare state – either its radical socialist vision or its moderate social-democratic model (cf. Jackson 2010). They argued that the societal function of the state is not to guarantee the collective material security of its population, but to nurture and police citizens to be self-reliant individuals and responsible economic agents in the system of private property relations and the conduct of entrepreneurial activities. Interestingly, these key concepts and propositions of ordoliberal thinking are reflected in the evolving neoliberal structure and agenda for marketization of the European Union through active policy coordination among its member states (Bonefeld 2017) and in contemporary policy prescriptions and approaches to development programming of international organizations such as the World Bank, the Organisation for Economic Co-Operation and Development (OECD), and UNDP for state restructuring, institutional reforms, and human behavioral changes to realize entrepreneurial culture and the goal of global competitiveness (Cammack 2015, 2017).

While the EU is not a fully-fledged ordoliberal regional institution, elements of ordoliberalism form part of the ideals in its formation since the postwar, particularly the monetary union under the Maastricht Treaty of 1992 and the current agenda for a social market economy under the Lisbon Treaty of 2007. Thus, it would be better to understand the historical political economy of the EU regionalization process not

only as a geopolitical product of a peace pact between the leaders of big states of Germany and France, but also as a political-economic consensus among the region's state leaders and pro-capital social forces to secure the hegemony of capitalist relations across the continent (Bonefeld 2017). By constitutionalizing the monetary union project and the social market economy agenda, the EU member states have voluntarily locked themselves in to undertake certain forms of intervention that are necessary for a region-wide competitive liberal order to flourish. To preserve the EU's "system of liberty", especially during periods of economic crises, individual states can no longer intervene through Keynesian policy instruments such as currency devaluation and deficit spending, but through the implementation of neoliberal policies to ensure the "flexibility" of price, wage and labor, and through the enforcement of an entrepreneurial culture to prevent the "proletarianization" of the socio-economy (Bonefeld 2017).

Drawing lessons from the failure of the Weimar Republic experiment and from the crisis-ridden policy of laissez-faire, the normative position of ordoliberals in the political economy of governance was that the state – by virtue of its political authority – must proactively function as "market police" by guaranteeing societal order for the freedom of competition in a liberal economy. Werner Bonefeld (2012, 652) has succinctly explained the German ordoliberal rationale behind the injunction for a strong state and its Schmittian roots:

> The ordoliberal state is to monopolise the political, depoliticise socioeconomic relations, and embed the moral values and norms of market liberty into society at large, dissolving resistance to austerity and transforming querulous proletarians into individualised and willing participants in the market price mechanism. At issue is thus the construction of a market-conforming moral framework that is about the creation of an entrepreneurial personality … Freedom is ordered freedom … [T]he strong state is a security state, one which in a time of need becomes a state of emergency.

From this perspective, along the lines of Schmitt's idea of authoritarian liberalism, the ordoliberals argued that the free economy derives its security from the political authority of the state. The effect of which is to protect the liberal economy from conflictive politics and remove it from the principle of democratic accountability. Within this governance structure, strong state authority enforces a de-regulated economy through an economic constitution in which rule-based and law-governed economic policies are defined. But securing the hegemony of capitalism and the free economy is not only about state governance *over* the economy but also *through* the society's ways of living and thinking. The state makes the attainment of complete competition a legal obligation, a moral imperative and a public duty of workers, entrepreneurs, and the citizenry as a whole. Hence, the process of establishing an enterprise society is done through the shaping of mentalities of the governed in accord with the disciplinary requirements for workers, entrepreneurs, and citizens to be self-responsible economic actors.

3.2 Thatcherism and Reaganomics

The stagflation of the 1970s marked the crises of Keynesian economic techniques and social democratic policies and paved the way for the ideological culmination of the ordoliberal roots of neoliberalism. In particular, the ordoliberal ideas for a strong state and a free economy got revived and gained political traction in the 1980s with the assumption of Margaret Thatcher to UK premiership and Ronald Reagan to the US presidency (Gamble 1979; Harvey 2005). Thatcher and Reagan promoted their brand of neoliberalism, essentially based on a particular moral philosophy of capitalism and on a conservative politics against social forces of socialism. Both of them preached the economics of minimal government, yet governed the economy and society with authoritative state institutions.

At the heart of the politics and economics of Thatcherism and Reaganism was a strong state that is democratic enough to debate with counter-elites from the political opposition, but forcefully authoritarian in foreign affairs and in class relations with labor. Among other things, governance under the Thatcher regime was characterized by a mixture of authoritarian populism, ordoliberalism's social market doctrine, and Hayekian liberal political economy (Gamble 1979; Hall 1979). In their heyday, the Thatcherite social bloc mobilized popular support by constructing a language around an anti-left campaign – which included an assault on social democracy's institutions for welfare and its ideals of solidarity, a critique on the inefficiencies of government services and public enterprises, and a rhetoric on the need for authority to guarantee law and order in the society (Hall 1979; Hall et al. 1978; cf. Jessop et al. 1984). They upheld Friedrich Hayek's "principles of liberal political economy on which the social market economy rests", giving priority on individual liberty over collectivist democracy, rule of law over interventionist bureaucracy, and free markets over socialist planning (Gamble 1979, 6-10). The class consequence of this Thatcherism was the destruction of the postwar settlement in favor of capital over labor, and its political objective was the strengthening – if not centralization – of state power.

Milton Friedman's theory on "monetarism" has been conventionally associated with the Thatcher government's economic policy to manage inflation, ensure price stability, and promote the natural growth of the economy through the control of money supply. However, Thatcherism was more than "economism", or an economic methodology; it had an ideological and class project. As Andrew Gamble (1979) aptly observed, "monetarism and economic liberalism … linked with other ideas and movements, the most significant of which [was] the populist right in the Conservative Party", altogether they had "launched a broad assault on the political forces that underpin Keynesianism, the forces and organizations of social democracy" (3). Further, the Thatcherite bloc, as Stuart Hall (1979) noted, "found a powerful means of popularizing the principles of a Monetarist philosophy" through "the doctrines and discourses of 'social market values' – the restoration of competition and personal responsibility for effort and reward, the image of the over-taxed individual, enervated by welfare coddling, his initiative sapped by handouts by the state" (17). Indeed, Thatcher was engaged in a serious anti-socialist ideological battle for hegemony. As she boldly asserted in an interview:

> What's irritated me about the whole direction of politics in the last 30 years is that it's always been towards the collectivist society. People have forgotten about the personal society. And they say: do I count, do I matter? To which the short answer is, yes. And therefore, it isn't that I set out on economic policies; it's that I set out really to change the approach, and changing the economics is the means of changing that approach. If you change the approach you really are after the heart and soul of the nation. Economics are the method; the object is to change the heart and soul (Thatcher 1981).

In the US, the Reagan era of the 1980s combined conservatism in the areas of politics, society, and culture with neoliberalism in the economic sphere. Reaganomics, or trickle-down economics, mobilized state resources and institutions to promote the business interests of capital while disciplining labor. Reagan's (1981) economic recovery program was premised on the analysis that:

> The most important cause of our economic problems [i.e. high inflation and stagnant growth] has been the government itself. The Federal Government, through tax, spending, regulatory, and monetary policies, has sacrificed long-term growth and price stability for ephemeral short-term goals.

Against this background, the Reagan administration carried out a neoliberal revolution in economic policy opposed to Keynesian demand management and social-democratic welfarism. In particular, taxes in capital gains, federal incomes, and upper class earnings were reduced; government spending for social services was cut; and policies of deregulation and monetarism were instituted. The assumption was that austerity measures, fiscal discipline and monetarist policies would increase the supply, as well as the demand, for both capital and labor.

Throughout the 1980s, the tightening of monetary policy to fight off inflation came, quite paradoxically, with a considerable rise in government budget deficits. Reaganomics resulted in, *inter alia*, downward pressures on wages, widening income inequalities, the strengthening of finance capital or the "rentier" class on Wall Street, and the collapse of organized labor (Meeropol 1998; Moody 1987). Though spending for welfare programs was severely cut, the government allotted more money for the state's coercive apparatuses – particularly the police, military, and criminal courts. As punitive responses to the societal consequences of neoliberal economic restructuring, the Reagan administration resorted to state policing, which included a substantial increase in government funding for surveillance, prison facilities, the infamous war on drugs, and the general criminalization of social problems (Parenti 1999; Piven and Cloward 1982). For its international operations, fiscal policy for the military establishment's global operations was expansionary – which provided a considerable source for the objectives of economic recovery. Part of this was the "Reagan Doctrine" in which proxy armies that are anti-Communists were supported across the world as a US foreign policy to contain the "evil empire" of the Soviet Union (Pratt 1987; cf. Foelber 1982).

3.3 The Kirkpatrick Doctrine and Political Development Theory

During the Reagan presidency, the so-called "Kirkpatrick Doctrine" came to prominence. The doctrine was a geopolitical justification of US exceptionalism to support anti-communist dictatorships (including in the Philippines, Indonesia, Guatemala, and Argentina) and armed groups (including the mujahideen in Afghanistan, Contras in Nicaragua, and the National Union for the Total Independence of Angola) in the Third World. Arguably, it had been a *de facto* US foreign policy since the 1950s, including the Vietnam War period. Named after Jeane Kirkpatrick (1979, 1982), the Reagan administration's Ambassador to the UN, the doctrine posits that "authoritarian regimes" were a much lesser evil than "totalitarian regimes". This means that while authoritarianism merely attempts to discipline the behavior of people, totalitarianism controls the mind of subjects and instills in them the state's ideology just like in Nazi Germany and the Soviet Union.

In the context of the ideological confrontation between the US and the Soviet Union during the Cold War, Kirkpatrick argued for double standards on capitalist authoritarianisms, positing that authoritarian regimes are more amenable to democratic reforms and also relatively acceptable to US national interest. She therefore urged the US to act according to *realpolitik*, based on "facts", tactics and strategy rather than pure ideology:

> The foreign policy of the Carter administration fails not for lack of good intentions but for lack of realism about the nature of traditional versus revolutionary autocracies and the relation of each to the American national interest. Only intellectual fashion and the tyranny of Right/Left thinking prevent intelligent men of good will from perceiving the facts that traditional authoritarian governments are less repressive than revolutionary autocracies, that they are more susceptible of liberalization, and that they are more compatible with U.S. interests. The evidence on all these points is clear enough (Kirkpatrick 1979).

However, there are contradictions in this proposition by Kirkpatrick. Empirically, it conceals the reality in the foreign policy of empires, especially the US, in which "facts" are conveniently selected to serve their own national interests and objectives. Thus, in theoretical terms, there is absurdity in Kirkpatrick's claim on the desirability of pinpointing facts outside the right/left spectrum, while asserting that this geopolitical sensibility is not ideological.

Nevertheless, the Kirkpatrick Doctrine provided not only tactical and strategic rationale, but also intellectual and ideological justifications for autocrats in the Third World, such as Ferdinand Marcos in the Philippines in the 1970s-1980s (Bello et al. 1982; McCoy 2009) and Suharto in Indonesia in the 1960s-1990s (Vatikiotis 1998; Simpson 2008). But then this doctrine was founded on the iron law of American realism and utilitarian-opportunist foreign policy as the US gave up its support to Marcos in 1986 and Suharto in 1998, respectively – when these dictators of its client states were infirm and politically weak due to old age and illness, and when stronger street protests and political opposition had gained pivotal momentum against the incumbent regimes.

By the 1980s, the US recalibrated its foreign relations strategy amidst the wave of democratization sweeping parts of the Third World by guiding the transition to "low intensity democracy" of formerly authoritarian, autocratic, or military regimes. During this transition period, the US rhetorically discredited the principle of "authoritarianism" in favor of formal institutions for democratic decision-making and sociopolitical legitimacy, especially through the conduct of regular and competitive elections. Yet, as Barry Gills and Joel Rocamora (1992) aptly observed, at the dawn of the "new world order" of global capitalism when the highly indebted developing countries were being subjected to neoliberal structural adjustment programs, this US-orchestrated low intensity democracy allows for a "civilianised conservative regime [which] can pursue painful and even repressive social and economic policies with more impunity and with less popular resistance than can an openly authoritarian regime" (505).

Theoretically, if taken at face value, Kirkpatrick's argument for US foreign policy toleration of authoritarian regimes does not seem to resonate with the conventional interpretation of modernization theories, which were initially developed by the US Social Science Research Council, which produced the six-volume series *Studies in Political Development* in the 1960s. Modernization theorists have generally been construed as proponents of the "Westernization" process of post-colonial societies and pre-industrial economies, promoting "modern" institutions and values similar to the rules-based system and stable institutions in "Western" countries. But this US-style "doctrine of political development" implied the modernization of all social activities *except* politics (Cammack 1997). In identifying the *normative* relationship between modernization theory (i.e. towards capitalism) and political development theory (i.e. towards democracy), the issue of "social control" is critical because "[t]he theorists of political development did not endorse the idea of dichotomy between the traditional and the modern, nor did they argue for the wholesale modernization and Westernization of all aspects of life" (ibid., 48). In this scheme, traditional political considerations and cultural values in Third World contexts are appreciated as functional to contribute to, rather than hamper, the project for capitalist economic modernity (Cammack 1997; cf. Pye and Verba 1965). The contradiction, however, with these arguments from both modernization theory and its critics is their assumption that repressive policies in the sphere of politics are "unmodern" or fall outside modernity. They seem to insinuate that political modernity is a lofty ideal of the "Western" culture when the recorded atrocities in the history of colonialism and imperialism have been carried out by "modern" superpowers from "the West".

3.4 Asian Values

The "Asian Values" discourse was promoted by "strongmen" leaders in parts of Asia and other intellectuals during the 1990s as a critique against the universality arguments on human rights as well as on neoliberal market capitalism. Main proponents of the discourse were authoritarian leaders Mahathir Mohamad of Malaysia, Lee Kuan Yew of Singapore, and Li Peng of China who argued for the existence of an Asian culturally-based worldview which values, among others, acceptance of hierarchy, the need for social cohesion and harmony, respect and reverence for family,

and benevolence in government (Rodan and Hewison 1996; Thompson 2004). These values are claimed to be the basis of the Asian model of capitalist development that have been key to the realization of the "East Asian miracle" or the phenomena of the "high performing Asian economies" and the "newly industrialized countries" which attained rapid growth with equity through active state intervention.

The Asian Values debate is not only limited to the issue of the universality or relativity of human rights, but it is also a debate over the relationship between capitalism and political regime – that is, a question of the relationship between development and democracy (cf. Diamond 1992; Przeworski et al. 2000; Schumpeter 1943). Here, two ideological camps can be identified. On the one hand were proponents of Asian Values who were governing elites – Mahathir, Lee Kuan Yew, and Li Peng – and who argued adamantly with theoretical and empirical points on the necessity of authoritarianism *for* development (see Zakaria 1994). On the other hand, democratic forces provided *normative* arguments that development must come with democracy (see Sen 1999; cf. Ramos 1998).

The Asian Values discourse has been criticized for being conceptually false given the diversity of cultures in the region; politically suspicious as a justification for cementing authoritarian rule; and economically bad, causing the 1997 Asian crisis (Fukuyama 1999; Thompson 2004). But its proponents have also put forward a relatively strong theory of "authoritarianism for development" – or, the conduciveness of authoritarian politics for the development of capitalism (Fukuyama 1992; Zakaria 1994). Their arguments also flaunt empirical evidence from the 1990s onwards, which showcased the "illiberal" Asian way to capitalist development of Singapore, Malaysia, China, and even Indonesia and Vietnam. This authoritarian developmentalism was earlier observed during the centuries of Western colonialism and the catching-up periods of Japan and South Korea (Gerschenkron 1962; Johnson 1987; Taira 1983).

Critics of Asian Values may also point out their version of successful cases from US-style liberal economy to Scandinavian welfare states to substantiate their argument about the inescapable link between market capitalism and political democracy, Their argument, however, has not moved beyond the normative – for example, the "development as freedom" thesis of Amartya Sen (1999). A theory of "democracy for development" remains elusive, one that specifically addresses the questions: What does democracy have that is conducive to development, and why is development necessarily democratic? Amidst this shortcoming to come up with a convincing theory of democracy *for* development, the ideology of capitalism has shown its capability to accommodate or adapt to progressive-sounding formulations like "social capitalism" and "capitalist democracy" (Boron 2005), as well as a multiple of adjectives such as "capitalist authoritarianism", "capitalist justice", and "authoritarian capitalism".

Apparently, both proponents and critics of Asian Values can respectively cite concrete country cases to prove their claims. Yet, more important to comprehend beyond its theoretical abstractions, empirical claims, and cultural undertone are the unequal class relations that underpin the Asian Values discourse. The specificities of these class dynamics need to be understood at both the domestic and international scales. At the national level, depending on the existing social structure and historical

tendencies, the relationship between the political and economic aspects in a particular country can assume different forms. At the global level, a country's domestic circumstances largely shape the condition of its integration into the world economy. For instance, autocrats can easily prosper in countries wanting in countervailing forces from organized labor unions, social movements, and civil society. Countries with tremendous poverty and inequality are amenable to power and value grabs by the dominant elite classes. Authoritarian regimes that have succeeded to industrialize and developed their production systems would be more welcome and competitive enough in the global economy.

3.5 Effective State and the Good Governance Agenda

During the 1990s, the literature on governance and political economy was swamped with competing perspectives on the state of the state in the epoch of globalization. By now, this kind of ideological debate on "state versus market" would appear futile. Active state intervention to make markets work is intrinsic to the history of capitalist development (Polanyi 1944) and likewise, as discussed above, to the ordoliberal origins of neoliberalism. International organizations concerned with global economic governance – particularly the World Bank (1993), alongside the International Monetary Fund, the various multilateral development banks, the OECD, and even the UNDP – have coherently proposed the institutionalization of a complementary relationship between states and markets.

In its *1997 World Development Report* with the theme "The State in a Changing World", the World Bank (1997) prescribed an "effective state", which can plausibly be authoritarian so long as it amplifies the need for a market-friendly government and economy. This state is effective in the sense that it does not reduce government to a "minimalist" function. Rather, the state has to have a proactive role in facilitating and encouraging activities of private businesses and individuals.

The World Bank's critique on the failure of state interventions in centrally-planned and mixed economies underscored the importance of making governments capable of enforcing the rule of law to underpin economic transactions. However, its "state reform framework strategy" imposes limitations on the scope of government intervention in the development process. Since activities of the state are dependent on its capability, this implies that weak states with poor capabilities cannot intervene in economic development the way the highly capable rich or strong states can (Cammack 2003). This requirement for an effective state was consistent with the reception of "effective" labor unions into the capitalist accumulation regime as earlier declared in the *World Development Report 1995: Workers in an Integrating World*. Organized labor unions can be tolerated provided that they work for profit-making activities of private enterprises, and they do not assert job security, demand social entitlements, resist structural adjustments, and distort market operations (World Bank 1995; cf. Cammack 2003).

In the *World Development Report 2002: Building Institutions for Markets*, the World Bank (2002) spelled out the agenda for "Good Governance" based on the recognition that "[m]any of the institutions that support markets are publicly provided" (99). It understood the importance of building state capability in shaping

human behavior and regulating a well-functioning market. It then explicitly defined the market-oriented meaning and scope of government institutions and regulations for the economy:

> Good governance includes the creation, protection, and enforcement of property rights, without which the scope for market transactions is limited. It includes the provision of a regulatory regime that works with the market to promote competition. And it includes the provision of sound macroeconomic policies that create a stable environment for market activity. Good governance also means the absence of corruption, which can subvert the goals of policy and undermine the legitimacy of the public institutions that support markets (World Bank 2002, 99).

From 2010 on, even the UNDP has been indicating its policy alignment and convergence with the World Bank's neoliberal orientation (Cammack 2017). For a while, the UNDP's "humanistic" perspective on development was perceived as an alternative to the World Bank's capitalistic "economism" program. Particularly in the early 1990s, the UNDP (1990) differed from the economistic development paradigm that reduces human beings to mere instruments of commodity production; thus offering a "human capabilities" approach to development through improved public provisions on education and health, as well as through an environment where humans can enjoy a larger space for choice and the freedom to use their acquired capabilities, such as for leisure, productive or creative work. Over time, however, as Paul Cammack's (2017) comparative review of global development policies shows, the UNDP's vision for human development has been tied to the World Bank's political economy of adjustment to the imperatives of global capitalism. Within the structure and relations of fierce competition, both domestically and inter-nationally, capital rather than labor is set free – a classic observation and argument propounded by Marx (1973) in his critique of political economy. Specifically, UNDP's policy prescriptions have discursively adapted to the World Bank's trademark neoliberal capitalist strategies and ethos, notably: labor productivity as a fundamental engine of competitiveness; the role of states as catalysts to adjust to world market realities; the functional character of crises as opportunities for societal and market reforms; the restructuring of social services to discipline the poor and workers; the rhetoric on the complementarity between labor and capital in the development process; and the program to change human behavior and attitudes attuned to the logic of competition (Cammack 2017).

4. Concluding Remarks

This article has attempted to provide a conceptual sketch of the regime of authoritarian neoliberalism that is emerging under the circumstances of the twenty-first century. It has first examined an important philosophical influence on the operating principles and practices of this new regime derived from Carl Schmitt's established ideology about governance for a strong state and a free economy. Then, it has discussed relevant theories and policies which have manifested a synergism between

authoritarianism and capitalism for the conduct of government and the process of socio-economic development from the long twentieth century to contemporary times, namely: German ordoliberalism, Thatcherism and Reaganomics, the Kirkpatrick Doctrine and Political Development Theory, the Asian Values discourse, and the Effective State and Good Governance agendas.

Authoritarian neoliberalism is best understood as a capitalist "social regime" in which the relations between the political and the economic spheres in the society are organically connected to, rather than separate from, each other. In this sense, authoritarian neoliberalism is not merely an organizational entity such as the state but "a form of social relations" (Holloway 1994; Wood 1995). The specific "state form" governing this regime can be referred to as the "authoritarian-neoliberal state", which embodies a politico-economic institution where a neoliberal market economy operates within a political framework of authoritarianism.

4.1 The Authoritarian-Neoliberal State

The concept of an authoritarian-neoliberal state proposed here is a particular articulation of a prevailing orientation of governments in favor of authoritarian politics and neoliberal economics. As such, this does not deny the fact that states are sites of contestation and coalition; in particular, they are arenas for social struggle and alliance formation among factions of the capitalist class themselves and between political-business elites and other social groups and actors who seek to advance their respective interests.

The authoritarian-neoliberal state survives and thrives on the workings, logic, and relations of the capitalist regime of accumulation under conditions of globalization in the twenty-first century. Its fundamental mission is twofold: to create an attractive business climate through market-oriented institutions and to ensure elite dominance through market-driven class relations. Thus, its governance objectives are to optimize conditions for capital accumulation and maintain the hegemony of elites by all means.

Governance of authoritarian neoliberalism demands the state to promote capitalist hegemony by making key government resources oriented towards the protection of business interests through institutions, policies, tax breaks, concessions, and other guarantee provisions. This state does not espouse central planning; yet it is strong in enforcing the rule of law and maintaining the stability of social and economic institutions to provide a high degree of security for business. It is obsessed with growth and sees the private sector as the foremost engine of development. It is for the privatization of assets to enlarge the space for capital accumulation. It is for de-regulation or re-regulation not so much for the common good but to ensure market sovereignty. It is for liberalization for the free mobility of capital that can easily enter and exit the country. It is for "flexibility" in labor markets in which rules are flexible for the market but a source of insecurity for labor. It mainly regards competitiveness and productivity as a race to the bottom and would likely bank on competitive advantage based on low wages and poor labor conditions. It proclaims competition while tolerant of oligopoly and monopoly power. In times of crises, the facilitative role of the government is complemented with interventionist actions in mediating, if not

absorbing the risk, of market failures through fiscal and monetary policies – including bailouts and subsidies – as well as social policies geared at maintaining socio-economic stability and the need for political legitimacy. At the same time, the authoritarian-neoliberal state is essentially anti-democratic as its governance system is more responsive to elites and market forces than to the popular-democratic multitude. If necessary, it resorts to elite compromise or cooptation, extending "democracy" on elites through the provision of exclusive access to government rents and resources while enforcing repressive authoritarian discipline on the masses and workers. It is characterized by the dominance of the executive, whose preferred legislation is the issuance of executive orders that bypasses the democratic requirements for parliamentary decision-making and judicial oversight. It is the most potent coercive apparatus for the perpetuation of the capitalist strategy of "accumulation by dispossession" (Harvey 2006).

Capitalist societies can breed a variety of regime types and state forms in which a regime of authoritarian neoliberalism and an authoritarian-neoliberal state are simply a couple of the observed social configurations emergent in contemporary global capitalism. The debate on whether capitalism and authoritarianism are synergistically or contradictorily related to each other depends on value judgments and time-space contexts. On the contradictions between authoritarianism and market capitalism during the period of neoliberal globalization, at least three important issues had long been identified:

> First, the resolution of conflict between competing elements of capital requires mechanisms of mediation which authoritarian regimes find difficult to provide. Second, the … relationship between market capitalism and the state requires mechanisms of accountability inimical to most authoritarian regimes … Third, the dismantling of mercantilist state powers seriously weakens the power base of the officials who normally exercise authority within such regimes (Hewison et al. 1993, 29).

For instance, in the specific historical contexts of countries in the "Third World" there are conceivable theoretical contradictions and there have been concrete empirical cases of class and social conflicts that can be observed in the blended structures of capitalism and authoritarianism even among the elites and capitalists themselves. State-dominated capitalisms contrast with the imperatives of the international economy for market-based competition. In the neoliberalization process of a country, such as a project to liberalize a particular sector of the domestic economy, the emerging capitalist class among the "new bourgeoisies" may often be compelled to challenge, or at times cooperate with, long-protected "cronies" under state capitalism (Harris 1988; Juego 2015a; Putzel 2002). In Southeast Asia, patrimonial regime's patronage-based accumulation accustomed to the politics of expediency is contradictory to Weberian "rational" capitalism, whose accumulation activities require market predictability and calculability (Gomez and Jomo 1997; Juego 2015b; McCoy 1993). In Latin America during the 1970s, the nationalism of military regimes was contested by the internationalism of the high bourgeoisie (O'Donnel 1979).

As a social regime, authoritarian neoliberalism manifests the structural contradiction in capitalist relations. Authoritarianism is contrary to the proclaimed ideals of capitalism for individual freedoms. But, at the same time, authoritarianism is embedded in an elitist class stratification whose reproduction is fundamental to maintaining the hegemony of capitalism. The interests of elites in the process of neoliberalization are not antithetical to authoritarian neoliberalism. These tendencies can be mutually reinforcing. After all, neoliberalism is an elite class project.

4.2 Salient Characteristics of the Regime of Authoritarian Neoliberalism

In essence, the regime of authoritarian neoliberalism is capitalist, elitist, pro-market, and anti-democracy. Its salient characteristics are observed in a number of senses.

First, the regime represents the unequal and exploitative relations between classes, as well as the logic of accumulation, in *capitalism*. The workers, the "informal" laborers, and the poor are all organically included in the system of production and process of accumulation, but they are systematically excluded from the fruits of their own produce and labor. Or simply, they are inhumanely dispossessed of their collective rights to wealth, resources, social entitlements, and a life of dignity.

Second, the regime is *driven by elites* whose interests in wealth and power are to be protected and promoted at all costs. Its elitist political structure is hierarchically stratified for the maintenance of elite interests and the social order of elite rule. In the elitist character of economic development, once the economy gains growth, only few benefit from it.

Third, the regime is *never democratic* in the real signification of "people power". This is necessary for the strategy of accumulation by dispossession. Its illiberal politics assaults liberal freedoms and civil and political liberties for the presumed authority of the state. At the same time, it depoliticizes issues of finance and the economy, purportedly to preserve market order. Its notion of "formal" democracy is limited to a procedural appreciation of the rule of law. This includes the immunization of "the economic" from "the political" – be it in the accordance of rights or in any other sphere of policy decision-making. It does not appreciate the substantive virtue of democracy as social relations of popular power from the household and the workplace to the polity and the economy.

Fourth, the regime creates an *illusion of democracy* for its socio-political legitimation needs and purposes. Its structure and tendencies resemble the features of "low intensity democracy" observed since the early 1980s (Gills and Rocamora 1992; Gills, Rocamora, and Wilson 1993), whereby: [i] "rule of law" is meant for social control by the ruling political-business elites rather than the goals of (social) justice; [ii] bits and pieces of democratic structure and institutions are established at a certain level or degree so long as the material and ideological hegemony of the ruling elite class is not radically challenged; and [iii] the space for political opposition is structurally limited.

Fifth, *capitalism can function even without political democracy*. The choice of investment site depends on a particular firm's business calculations. From the perspective of capital, big investment decisions are based on their analyses of profitable opportunities, feasibilities, risks, costs and benefits. A regime of authoritarian neo-

liberalism does not guarantee profitability. Capital may opt to settle in an economy with a "more open" political system and a "more liberal" labor regime.

Sixth, the regime is enforced by a *strong state*. This authoritarian-neoliberal state is capable of de-politicizing the spheres of society and the economy through government's authoritative actions and coercive means when desired and necessitated. It also possesses the capacity to be highly intrusive and interventionist in societal and economic affairs when and where necessary.

Seventh, in terms of government, the regime is characterized by *executive dominance*. Neoliberal policies and the institutional support mechanisms they require can be put in place through executive orders and can be implemented through the political will of the executive to utilize the coercive apparatus of the state. In the final analysis, the executive reins over state power and resources, notwithstanding checks and balances from parliamentary and judicial institutions.

Eighth, the regime's policies are more receptive and *responsive to market forces* than the well-being of people. The values of such policies would be "profit over people" and "market over society". Populism is desired and deployed to gain some degree of social legitimacy, using semantic engineering of "populist" or even pro-poor language of market reforms, but this is not honestly intended.

Ninth, there are *varieties of authoritarian neoliberalism* with different mixtures of political and economic configurations. A particular politico-economic fix can greatly determine the "relative stability" of the regime. Politically, authoritarian-neoliberal regimes with a modicum of free elections, media activity, and parliamentary debates enjoy higher levels of societal satisfaction, support and legitimacy than overtly repressive autocracies. Economically, the process of *neoliberalization can be pursued with or without industrialization*. Thus far, it can be observed that authoritarian-neoliberal regimes which have pursued industrialization strategies (notably, the historical experience of developmental states in East and Southeast Asia) are more stable than autocratic regimes (such as in parts of Africa and Latin America) where their own manufacturing and productive sectors have remained underdeveloped (cf. Reinert 2007). Industrialization opens up the potentials, scales and opportunities for better economic growth, larger division of labor, more decent wages, more infrastructure development, more spaces for union organization, and a broader tax base to finance social policies and welfare programs.

Tenth, when the regime is faced with conflict between political and economic considerations, *politics takes command*. In a word, politics rules over economics.

Eleventh, the regime uses ideology as an instrument of its interests. But oftentimes, what matters most are vested interests, rather than ideology. When push comes to shove, *ideology ends when interests begin*.

Twelfth, all the political repression, economic inequalities, and social injustice entailing the regime's accumulation of power and wealth generate contradictions, conflicts and resistance. As such, the regime is *constantly engaged in social conflicts and class struggle* through which the *process of change* may occur.

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